

FINANCIAL AID

**CALIFORNIA STATE POLYTECHNIC UNIVERSITY,
POMONA**

**Report Number 02-26
November 21, 2002**

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ABBREVIATIONS

Cal Poly Pomona	California State Polytechnic University, Pomona
CSU	California State University
FISMA	Financial Integrity and State Manager's Accountability
FY	Fiscal Year
SAM	State Administrative Manual
SCT	Systems & Computer Technology

INTRODUCTION

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of the student financial aid program and to determine the adequacy of controls over the related processes to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- ▶ Initiatives have recently been undertaken or completed to improve the effectiveness, efficiency, and economy of financial aid operations and maximize financial aid resources.
- ▶ Adequate consumer information on financial aid has been disclosed.
- ▶ Financial aid is supported by adequate automated record-keeping systems.
- ▶ Provisions have been made for safeguarding financial aid data and automated systems from inappropriate disclosure and loss.
- ▶ Complete, correct, and consistent information is circulated on financial aid.
- ▶ Other campus offices adequately coordinate with the financial aid office.
- ▶ The campus protects against overcommitment or underutilization of financial aid resources.
- ▶ Standard student budgets and cost of attendance are appropriately established.
- ▶ Financial aid recipients were eligible to receive assistance.
- ▶ The campus has complied with federal and state requirements and conditions stipulated by financial aid resource providers.
- ▶ Financial aid is packaged in accordance with applicable policies and procedures.
- ▶ Fee waivers have been factored into financial aid awards.
- ▶ Work-study limits have not been exceeded.
- ▶ Separation of duties is adequate between awarding and disbursing.

SCOPE AND METHODOLOGY

The management review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. Fiscal year (FY) 2001/02 and the financial aid cycles for fall 2001 and spring 2002 were the primary periods reviewed. In certain instances, we were concerned with representations of annualized data, and it was necessary to look at the last full fiscal year completed prior to the start of the audit (FY 2000/01).

Our primary focus involved the internal administrative, compliance, and operational controls over the management of the student financial aid program. Specifically, we reviewed and tested policies, procedures, and processes for:

- ▶ Identifying financial aid resources.
- ▶ Distributing information to potential applicants.
- ▶ Calculating student budgets.
- ▶ Establishing student eligibility.
- ▶ Packaging financial aid awards.
- ▶ Managing financial aid funds.
- ▶ Securing financial aid applicant and recipient information.
- ▶ Safeguarding financial aid automated systems.

During the audit, we interviewed personnel involved in financial aid; reviewed financial aid policies, procedures, and systems; and tested financial aid records on awards and disbursements.

BACKGROUND

As a result of a systemwide risk assessment conducted by the Office of the University Auditor in the last quarter of 1999, the Board of Trustees, at its January 2002 meeting, directed that *Financial Aid* be reviewed in 2002. The Office of the University Auditor last reviewed *Financial Aid* in 1994 on six campuses.

The proposed scope of the audit as presented in Attachment B, Audit Item 2 of the January 29-30, 2002, meeting of the Committee on Audit stated that the review would include identifying financial aid resources, establishing student budgets, packaging financial aid awards, managing financial aid funds, complying with federal and state program requirements, securing financial aid applicant information, and preparing financial aid reports.

Financial aid programs provide support for students to help meet the costs of obtaining a college education. The federal government, state governments, colleges and schools, and a variety of other public and private sources provide funding for financial aid programs. There are two main categories of financial aid, differentiated primarily by the basis upon which they are awarded, as follows:

Achievement-based aid is awarded to students who have a special characteristic, skill, talent, or ability. Typically, achievement-based aid is in the form of scholarships.

Need-based aid is provided to students who demonstrate financial need. Most financial aid, particularly public-funded aid, is awarded on the basis of financial need determined through the application process and in accordance with a prescribed federal formula.

Financial aid is available in four basic types of programs as follows:

Scholarships are “gift aid” which do not have to be repaid. Scholarships typically include criteria such as academic performance or special talents.

Grants are “gift aid” and generally do not include criteria other than financial need.

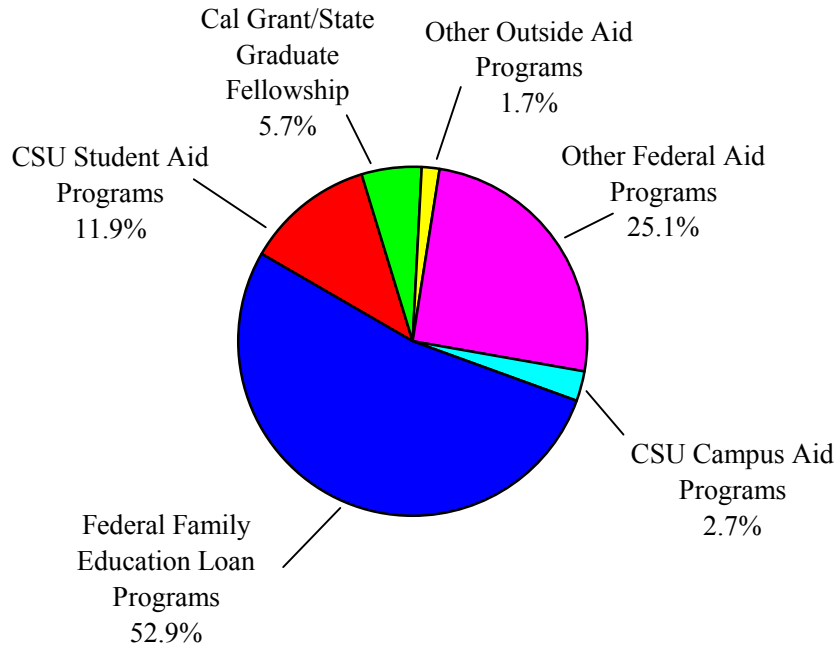
Work-study is a “self-help” program in the form of part-time employment during the student’s college career.

Loans are a form of “self-help” since they represent borrowed money that must be paid back over a period of time, typically after the student leaves school.

Federal financial aid programs provide over 70% of the funding currently available for student financial aid. On an annual basis, federal financial aid programs are audited as part of the California State University (CSU) Single Audit as required by the Office of Management and Budget Circular A-133. At June 30, 2001, the student financial assistance cluster in the Single Audit Report by KPMG included:

PROGRAM	AMOUNT
Federal Supplemental Opportunity Grants	\$12,636,585
Federal Family Educational Loan	\$325,886,005
Federal Work Study	\$16,358,009
Federal Perkins Loan – Federal Capital Contributions	\$17,060,565
Federal Pell Grant	\$246,059,734
Federal (William Ford) Direct Loan	\$280,164,585
TOTAL	\$898,165,483

Nonfederal financial aid programs include those funded by the state through the California Student Aid Commission, programs administered by the CSU, and campus-administered funds. The state administers Cal Grants and certain loan assumption programs. The CSU provides need-based assistance through state university grants and educational opportunity program grants. Certain other funds are available through the campuses such as local scholarships. In the CSU Statistical Abstract for FY 2000/01, financial aid funds by source are graphically represented as follows:



For financial aid purposes, campuses establish standard student budgets or cost of attendance allowances that vary depending on where a student lives during the academic year (e.g., at home with parents or relatives, in university or campus housing (residence halls), or off-campus in an apartment or other housing). Costs include fees and tuition, books and supplies, meals and housing, transportation, and other miscellaneous personal expenses. Students who are not classified as residents of the state of California must also pay nonresident tuition. Allowances for expenses, other than tuition and fees, are based largely on statewide survey data about the average expenses of students in California and information on the local or regional costs in the area served by particular campuses.

At the beginning of 2002, CSU campuses managed financial aid through a variety of record-keeping and automated database systems, which will be replaced by PeopleSoft as part of the CSU's Common Management System. Six CSU campuses are implementing the PeopleSoft Student Administration module in 2002 and have been excluded for purposes of this audit because of the significant implementation workload.

At California State Polytechnic University, Pomona (Cal Poly Pomona), the financial aid office, which reports through enrollment services to student affairs, determines and authorizes need-based financial aid. Financial aid is then disbursed by student accounts and cashier services, which reports through the director of accounting services to the associate vice president for finance and administrative services. Cal Poly Pomona maintains financial aid records in Banner – a vendor product developed by Systems &

Computer Technology (SCT) Corporation. The director of financial aid reports through the associate vice president for enrollment services to the vice president for student affairs.

OPINION

We visited the Cal Poly Pomona campus from June 10, 2002, through July 26, 2002, and audited the controls, procedures, and systems in effect at that time.

In our opinion, the financial aid program at Cal Poly Pomona is capably administered. The campus has made a substantial investment in automation within the financial aid office including accessibility through SCT Banner. However, certain areas can be improved. Specifically, we noted that consumer information is not disclosed in direct notices, the financial aid office lacks a department level disaster recovery/business continuity plan, and changes are needed to more closely integrate scholarship disbursements with other types of financial aid.

EXECUTIVE SUMMARY

The purpose of this section is to provide management with an overview of conditions requiring their attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

GENERAL/CONTROL ENVIRONMENT [8]

CONSUMER INFORMATION [8]

Certain consumer information was not disclosed in direct individual notices. Disclosure of consumer information meets requirements for continuation of institutional eligibility to participate in federal financial aid programs.

USER ACCOUNT DELETION [9]

Access permissions to data maintained in an automated system included employees that were no longer employed at the campus and employees that did not have a direct need for access. Adequate account deletion could prevent unauthorized personnel from having access to sensitive data.

RECONCILIATION OF DATA TRANSFERRED BETWEEN SYSTEMS [10]

The financial aid office did not have a procedure to reconcile data transferred between the central processor's system and the campus' Systems & Computer Technology (SCT) Banner system. Reconciling this information would ensure that data transferred between systems is accurate and complete.

DISASTER RECOVERY/BUSINESS CONTINUITY PLAN [10]

The financial aid office did not have a department level disaster recovery/business continuity plan. A department plan would augment plans developed at the campus-wide and student affairs division level and assist in the recovery/restoration of computer system data and operations within a reasonable time frame.

FISCAL AND PROGRAM OVERSIGHT/COORDINATION [11]

Scholarship data was not always included in student financial aid package calculations. Including all scholarship data in student award calculations ensures that students receive the proper level of financial aid.

STUDENT ELIGIBILITY [12]

Fifth-year teaching credential students receiving Pell Grants during the 2001/02 school year received levels of financial aid that included support for nonqualifying course work in 21 of 25 instances reviewed. Monitoring aid and awarding Pell Grants for qualifying course work ensure that students receive the proper level of financial aid.

AWARDING/DISBURSING [13]

COST OF ATTENDANCE DOCUMENTATION [13]

Documentation was not always maintained for adjustments made to student cost of attendance calculations. Maintaining documentation for cost of attendance adjustments meets requirements for continuation of institutional eligibility to participate in federal financial aid programs.

VERIFICATION POLICIES [14]

The campus had adopted new verification policies but had not yet documented them. Proper documentation and communication of policies reduce the risk that internal controls are compromised.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL/CONTROL ENVIRONMENT

CONSUMER INFORMATION

Certain consumer information was not disclosed in direct individual notices.

For disclosure purposes, the campus relied upon the availability of consumer information in the campus catalog and at various website addresses. The one exception was the distribution of crime statistics to current employees, current students, and prospective students.

The federal Higher Education Act, the federal Equity in Athletics Disclosure Act and regulatory guidance provided in the Code of Federal Regulations requires direct individual notices of prescribed information to certain target audiences including: prospective students; currently enrolled students; current employees; parents, coaches, and counselors of prospective student athletes; and the general public. The disclosures are to include general school information, crime/security statistics, student completion/graduation/transfer rates, Family Educational Rights and Privacy Act of 1974 privacy/security rights, financial aid program information, and gender-specific information on athletic participation and financial support.

At a minimum, direct individual notices must:

- ▶ Identify the required information disclosures.
- ▶ Provide the exact electronic website address where the information can be found.
- ▶ State that upon request, a person is entitled to a paper copy containing the required information.
- ▶ Inform students and others how to request a paper copy.

Regulatory guidance repeatedly states that web presentation by itself is not an acceptable disclosure.

The associate vice president of enrollment services indicated that she initially felt that web notification met the criteria of direct consumer notification.

The lack of individual direct notice of prescribed financial aid information jeopardizes the institutional eligibility of the campus to participate in federal financial aid programs.

Recommendation 1

We recommend that the campus establish procedures to disclose consumer information by direct individual notice.

Campus Response

We concur with the recommendation.

Financial aid has formed a Consumer Disclosure Committee with all relevant offices represented. The committee is pulling together all required consumer information and ensuring that it is available to all required audiences as appropriate. By completing this task by February, we can make sure all information is disseminated during winter quarter of the 2002/03 year.

Timeline: February 2003

USER ACCOUNT DELETION

Access permissions to data maintained in an automated system included employees that were no longer employed at the campus and employees that did not have a direct need for access.

User account deletion was addressed in the prior audit of Financial Integrity and State Manager's Accountability (FISMA) at California State Polytechnic University, Pomona (Cal Poly Pomona). The campus response to this FISMA audit included disabling user accounts that cannot be validated after the eleventh week of each academic quarter and then deleting those accounts that had been disabled for six months. This process should have been completed in advance of the financial aid audit visit.

State Administrative Manual (SAM) §8580.4 describes the need for adequate separation procedures including preparation of a clearance form that includes clearance of revolving fund advances, return of keys, equipment, credit cards, etc.

The director of financial aid indicated that the recent upgrade to the system might have caused an inadvertent reversion to all of the old permissions.

Inadequate user account deletion could lead to unauthorized personnel having access to sensitive data.

Recommendation 2

We recommend that the campus reevaluate the current account expiration process to assure it remains effective in controlling unauthorized user access.

Campus Response

We concur with the recommendation.

We have conducted a full review of our access lists as of September 9, 2002, and have directed removal of all staff members who are no longer employed at the university and all staff who no longer have a need to access financial aid information. Also, on October 25, 2002, the human resources office updated the "University Clearance Process," which includes notifying Enterprise Computing to shut off computer access when an employee leaves the university.

Documentation of the aforementioned actions will be provided in a follow-up letter.

Timeline: January 2003

RECONCILIATION OF DATA TRANSFERRED BETWEEN SYSTEMS

The financial aid office did not have a procedure to reconcile data transferred between the central processor's system and the campus' Systems & Computer Technology (SCT) Banner system.

SAM §20050 requires, in part, that there should be an effective system of internal review.

The associate director of financial aid indicated that this process should have been in place and was probably a training issue.

The lack of reconciling data transferred between systems increases the risk that errors and irregularities will not be detected.

Recommendation 3

We recommend that the campus establish procedures to reconcile data transferred between the central processing center and the campus SCT Banner system.

Campus Response

We concur with the recommendation.

The reconciliation procedure was implemented after the auditor brought it to our attention. The procedure for verifying data transferred and the latest reconciliation performed will be provided in a follow-up letter.

Timeline: January 2003

DISASTER RECOVERY/BUSINESS CONTINUITY PLAN

The financial aid office did not have a department level disaster recovery/business continuity plan.

We noted that the campus-wide disaster recovery/business continuity plan did not address recovery procedures required by the financial aid division to include the student financial aid records that are scanned into Microsoft Imaging.

SAM §4843.1 requires each state agency to establish and maintain both an operational recovery plan to protect its information assets in the event of a disaster or serious disruption to its operations and a plan for resuming operation following a disaster affecting those applications.

Executive Order No. 696, *Implementation of the CSU Emergency Preparedness Program*, dated January 29, 1999, states, in part, that each campus president is delegated the responsibility for the implementation of an emergency management system program on campus and shall ensure that management activities including, but not limited to, maintenance and regular updating of the institutional emergency management system plan and determination, acquisition, and maintenance of facilities, equipment, and related supplies required for emergency preparedness are accomplished.

The director of financial aid indicated that a department plan has not been developed because there are plans at the campus-wide and division level.

Without a detailed disaster recovery plan and business continuity procedures based on assumptions in the campus-wide and division level plans, the financial aid office may not be able to recover/restore computer operations within an acceptable time frame.

Recommendation 4

We recommend that the campus financial aid office prepare a disaster recovery/business continuity plan to complement similar activities at the campus-wide and student affairs division levels.

Campus Response

We concur with the recommendation.

This audit finding pointed out that there was no disaster recovery plan on the records imaging system. We have addressed the recovery of imaged documents by making a backup copy of the scanned files everyday. The CD with the backed up files is sent to Enterprise Computing for storage in their fireproof storage facility. The documentation of the procedure on backing up files and transmittal to Enterprise Computing will be provided in a follow-up letter.

Timeline: January 2003

FISCAL AND PROGRAM OVERSIGHT/COORDINATION

Scholarship data was not always included in student financial aid package calculations.

We found that in 22 student packages tested, 11 scholarships were omitted.

In a November 27, 2001, memo from the president of Cal Poly Pomona entitled "Reporting Requirements for Scholarship Awards and Stipends," the campus community was:

- ▶ Informed that awards for both aided and nonaided students are maintained in Banner to assure accurate totals on federal and state reports.
- ▶ Instructed to report in writing to the office of financial aid all scholarships, stipends, or monetary awards.

The associate director of financial aid indicated that scholarship information was not always reported to the financial aid office in a timely manner.

Lack of communication can lead to overawards to some students and subsequent corrective steps that reduce the availability of student financial aid to other students with financial need.

Recommendation 5

We recommend that the campus implement procedures to provide a copy of scholarships awarded to the financial aid department.

Campus Response

We concur with the recommendation.

There is a procedure in place for reporting all scholarships to the office of financial aid. Offices that award scholarships not generated by the office of financial aid are required to notify the financial aid office that an award has been made. The office of the president reminds the campus departments of this requirement annually through a memo.

The foundation office sends monthly reports of all scholarship checks generated through their office. We are working with them to improve the timeliness of this notification.

To strengthen reporting of financial aid awards, the student accounting department will send a listing of scholarship disbursement to the financial aid department every month. This report, which is being developed, will be reviewed by the financial aid department to detect any unreported scholarship accounts.

Timeline: February 2003

STUDENT ELIGIBILITY

Fifth-year teaching credential students receiving Pell Grants during the 2001/02 school year received levels of financial aid that included support for nonqualifying course work in 21 of 25 instances reviewed.

Higher Education Amendments of 1998 (P.L. 105-244) state that the federal government allows students who are enrolled in postbaccalaureate teacher certification programs to receive a Pell Grant but stipulates that they be enrolled in courses required to receive a teaching credential necessary for employment as a teacher in an elementary or secondary school.

The associate director of financial aid stated that the financial aid office relies on the teaching credential program to let them know when a student is enrolled in courses that are nonqualifying.

Failure to comply with federal Pell Grant requirements can lead to overawards to some students and subsequent corrective steps that reduce the availability of student financial aid to other students with financial need.

Recommendation 6

We recommend that the campus implement procedures to verify that students who are enrolled in postbaccalaureate teacher certification programs and receive a Pell Grant are enrolled in courses required to receive a teaching credential.

Campus Response

We concur with the recommendation.

We implemented a process to check all Teacher Education Program students' classes each quarter prior to disbursement of the Pell Grant for fall quarter. The description of the procedure and the reports used to verify enrollment in teaching credential courses will be provided in a follow-up letter.

Timeline: January 2003

AWARDING/DISBURSING

COST OF ATTENDANCE DOCUMENTATION

Documentation was not always maintained for adjustments made to student cost of attendance calculations.

Student Financial Aid Handbook, Volume 2, Chapter 8, requires a school to maintain records for the student's cost of attendance.

The associate director of financial aid indicated that it may have been an oversight in not documenting cost of attendance.

Failure to maintain documentation jeopardizes the institutional eligibility of the campus to participate in federal financial aid programs.

Recommendation 7

We recommend that the campus implement procedures to maintain documentation for all adjustments made to student cost of attendance calculations.

Campus Response

We concur with the recommendation.

Moving to a paperless environment means that most documentation now resides in the computer system, unless a paper document is required by regulation. However, in some cases, the person processing the file did not place documentation on the student's electronic file. This has been remedied with memos to staff, discussion of the issue at a staff meeting, and periodic random review of the electronic files. Documentation will be provided in a follow-up letter.

Timeline: January 2003

VERIFICATION POLICIES

The campus had adopted new verification policies but had not yet documented them.

During our review, the campus packaging policy stated that Cal Poly Pomona manually verifies all aid applications flagged for review by the central processor. Upon further inquiry, we learned that the campus had changed their procedures but had not yet documented them.

Chapter 3: Verification of the 2001/02 *Application and Verification Guide* from the U.S. Department of Education indicates that each school must develop their own definitions of applicant and total number of applicants and apply them consistently. It further indicates that a school must also have its own policy for determining the number of applicants that constitutes 30 percent of their school's total applications. Schools must consistently adhere to and apply these policies, ensuring that selected applications are properly verified.

SAM §20050 states that there should be an established system of practices to be followed in the performance of duties and functions and that it represents a control weakness if policy and procedure manuals are either not up to date or do not exist.

The director of financial aid indicated that they were transitioning from paper to electronic and the policy was not updated.

Not properly documenting and communicating policies increase the risk that internal controls could be compromised.

Recommendation 8

We recommend that the campus update and document the verification policy.

Campus Response

We concur with the recommendation.

The correction to the office policy and procedure manual concerning our Verification Policy has been completed. Documentation will be provided in a follow-up letter.

Timeline: January 2003

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Bob Suzuki	President
Minerva Camacho	Credential Analyst, College of Education and Integrative Studies
Patricia L. Farris	Vice President, Administrative Affairs
Douglas Freer	Director, University Housing
Terri Gallegos	Financial Aid Counselor
Leticia Guzman	Assistant Director, Educational Equity Services
Bob Hughes	Associate Systems Analyst
Rose Kukla	Registrar
Darwin Labordo	Associate Vice President, Finance and Administrative Services
David Le Claire	Assistant Director, Financial Aid
Haleh Minakary	General Business Manager, California State Polytechnic University, Pomona Foundation
Diana Minor	Associate Director, Financial Aid
Ray Murillo	Student Services Coordinator, College of Education and Integrative Studies
Mohammad Rehman	Associate Systems Analyst
Melanie Saracco	Director, Financial Aid
Albert Sim	Manager, Student Aid Accounting
Kathy Street	Associate Vice President, Enrollment Services
Kristen Surber	COPSMORE Project Coordinator
Chris Ward	Business Manager, Athletics



Office of the Vice President
for Administrative Affairs

January 6, 2003



Mr. Larry Mandel, University Auditor
Office of the Auditor
The California State University
400 Golden Shore, Suite 210
Long Beach, CA 90802

Dear Mr. Mandel:

**Subject: Campus Response to Recommendations of
Financial Aid Audit Report 02-26**

Enclosed is California State Polytechnic's campus response to Financial Aid Audit Report Number 02-26. We appreciate the effort you and your staff have made to indicate areas where our procedures or internal controls could be strengthened. We will take the necessary actions to address the report's recommendations.

Please direct questions concerning the response to Darwin Labordo, Associate Vice President of Finance and Administrative Services at 909-869-2008 or dlabordo@csupomona.edu.

Sincerely,

Patricia L. Farris,
Vice President, Administrative Affairs

Cc: Dr. Bob H. Suzuki, President
Darwin Labordo, Associate Vice President, Finance & Administrative Services
Melanie Saracco, Director, Financial Aid
Kathleen Street, Associate Vice President, Enrollment Services

Enclosure

**Response to Recommendations of Audit Report Number 02-26
Financial Aid at California State Polytechnic University, Pomona
January 6, 2003**

GENERAL/CONTROL ENVIRONMENT

CONSUMER INFORMATION

Recommendation 1

We recommend that the campus establish procedures to disclose consumer information by direct individual notice.

Campus Response

We concur with the recommendation.

Financial Aid has formed a Consumer Disclosure Committee with all relevant offices represented. The committee is pulling together all required consumer information and ensuring that it is available to all required audiences as appropriate. By completing this task by February we can make sure all information is disseminated during winter quarter of the 2002/03 year.

Timeline: February 2003

USER ACCOUNT DELETION

Recommendation 2

We recommend that the campus reevaluate the current account expiration process to assure it remains effective in controlling unauthorized user access.

Campus Response

We concur with the recommendation.

We have conducted a full review of our access lists as of September 9, 2002 and have directed removal of all staff members who are no longer employed at the university and all staff who no longer have a need to access financial aid information.

Also, on October 25, 2002, the Human Resources Office updated the "University Clearance Process" which includes notifying Enterprise Computing to shut off computer access when an employee leaves the university.

Documentation of the aforementioned actions will be provided in a follow-up letter.

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RECONCILIATION OF DATA TRANSFERRED BETWEEN SYSTEMS

Recommendation 3

We recommend that the campus establish procedures to reconcile data transferred between the central processing center and the campus SCT Banner system.

Campus Response

We concur with the recommendation.

The reconciliation procedure was implemented after the auditor brought it to our attention. The procedure for verifying data transferred and the latest reconciliation performed will be provided in a follow-up letter.

Timeline: January 2003

DISASTER RECOVERY/BUSINESS CONTINUITY PLAN

Recommendation 4

We recommend that the campus financial aid office prepare a disaster recovery/business continuity plan to complement similar activities at the campus-wide and student affairs division levels.

Campus Response

We concur with the recommendation.

This audit finding pointed out that there was no disaster recovery plan on the records imaging system. We have addressed the recovery of imaged documents by making a back-up copy of the scanned files everyday. The CD with the backed up files is sent to Enterprise Computing for storage in their fireproof storage facility. The documentation of the procedure on backing up files and transmittal to Enterprise Computing will be provided in a follow up letter.

Timeline: January 2003

FISCAL AND PROGRAM OVERSIGHT/COORDINATION

Recommendation 5

We recommend that the campus implement procedures to provide a copy of scholarships awarded to the financial aid department.

Campus Response

We concur with the recommendation.

There is a procedure in place for reporting all scholarships to the office of financial aid. Offices that award scholarships not generated by the office of financial aid are required to notify the financial aid office that an award has been made. The Office of the President reminds the campus departments of this requirement annually through a memo.

The Foundation office sends monthly reports of all scholarship checks generated through their office. We are working with them to improve the timeliness of this notification.

To strengthen reporting of financial aid awards, the Student Accounting Department will send a listing of scholarship disbursement to the financial aid department every month. This report, which is being developed, will be reviewed by the financial aid department to detect any unreported scholarship accounts.

Timeline: February 2003

STUDENT ELIGIBILITY

Recommendation 6

We recommend that the campus implement procedures to verify that students who are enrolled in postbaccalaureate teacher certification programs and receive a Pell Grant are enrolled in courses required to receive a teaching credential.

Campus Response

We concur with the recommendation.

We implemented a process to check all Teacher Education Program students' classes each quarter prior to disbursement of the Pell Grant for Fall Quarter. The description of the procedure and the reports used to verify enrollment in teaching credential courses will be provided in a follow up letter.

Timeline: January 2003

AWARDING/DISBURSING

COST OF ATTENDANCE DOCUMENTATION

Recommendation 7

We recommend that the campus implement procedures to maintain documentation for all adjustments made to student cost of attendance calculations.

Campus Response

We concur with the recommendation.

Moving to a paperless environment means that most documentation now resides in the computer system, unless a paper document is required by regulation. However, in some cases, the person

processing the file did not place documentation on the student's electronic file. This has been remedied with memos to staff, discussion of the issue at a staff meeting, and periodic random review of the electronic files. Documentation will be provided in a follow up letter.

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VERIFICATION POLICIES

Recommendation 8

We recommend that the campus update and document the verification policy.

Campus Response

We concur with the recommendation.

The correction to the office policy and procedure manual concerning our Verification Policy has been completed. Documentation will be provided in a follow up letter.

Timeline: January 2003

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

January 22, 2003

CHANNEL ISLANDS

CHICO

MEMORANDUM

DOMINGUEZ HILLS

FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

HAYWARD

FROM: Charles B. Reed
Chancellor



HUMBOLDT

SUBJECT: Draft Final Report Number 02-26 on *Financial Aid*,
California State Polytechnic University, Pomona

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of January 22, 2003, I accept the response as submitted with the draft final report on *Financial Aid*, California State Polytechnic University, Pomona.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/amd

SACRAMENTO

Enclosure

SAN BERNARDIN

SAN DIEGO

cc: Dr. Bob Suzuki, President

SAN FRANCISCO

SAN JOSI

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS